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## The future of community housing in Scotland: some thoughts and reflections

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### Abstract

This paper will look at the future of the community housing sector in Scotland. It will reflect upon the sector's origins and evolution, and contextualise its future development in light of imminent public sector cuts and the shift from 'social' to 'affordable' housing. It will argue that despite the rhetoric of the 'Big Society', budgetary pressures and rationalisation within the sector may serve to undermine the existence and success of small, place-based community organisations.

Keywords: big society, community governance, localism, public sector cuts, social housing, tenant participation.

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### Introduction

The emphasis on community as a solution to solving society's problems is not novel. It has been central to delivering government policy agendas in recent decades. Under the previous New Labour administration at Westminster, government envisioned community-based organisations as occupying a key role in the development of strong and sustainable communities. The promotion of 'active citizenship' and 'responsible community' was central to their 'Third Way' modernising agenda (Rose, 2000). Since the election of the Conservative-Liberal Democrat coalition earlier this year the political rhetoric has shifted to the 'Big Society'. This reflects a continuation in policy terms of the presumed benefits of devolving power downwards, and empowering citizens to take more responsibility for their own life outcomes. In housing terms, a focus on community action and the devolution of autonomy and responsibility has a long history, especially in the Scottish context where the RSL sector is dominated by small, community-based housing organisations (Scott, 1997; Ravetz, 2001; McKee, 2007).

Despite the emergence of a 'new localism' agenda, the threat of public spending cuts and shifting government support for social housing leaves a question mark over the future of these community housing providers. This paper aims to interrogate these issues in more depth in the context of Community-Controlled Housing Associations (CCHAs) in Scotland. The paper begins by briefly tracing the origins and evolution of the movement, before giving some context about the external pressures facing social

housing in Scotland, CCHAs in particular. Against a backdrop of mounting political pressure for cuts, efficiencies, mergers and sharing services the paper argues that the value and positive strengths of community housing should not be forgotten. It will also interrogate the presumed wisdom that economies of scale necessarily mean efficiency gains and better outcomes for tenants, whilst at the same time suggesting the need to rethink and strengthen community governance. The paper concludes by arguing that Scotland should be celebrating the unique and important contribution of its community housing movement, not placing its future under threat.

## Origins and Evolution of the Sector

Community-controlled housing associations first emerged in Glasgow in the 1970s (Scott, 1997). Initially, these associations worked to renovate older tenements in their own communities. They were influenced by communitarian ideas, evident in the domination of tenants and other residents on their management committees. In the mid-1980s, this community-controlled model was adapted in Glasgow to deliver a programme of small-scale, neighbourhood-level stock transfers to associations and co-operatives under the banner of 'community ownership'. The aim here was to lever in private sector funds to regenerate run-down pockets of council housing in a financial and political environment in which public sector investment in council housing was heavily constrained (Clapham *et al*, 1996; Scott, 1997). The success of these community ownership neighbourhood transfers (and the model of housing governance it created) saw it rolled out across Scotland as a priority of the national housing agency: Scottish Homes. The institutional support and championing of the CCHA model by the national housing agency was crucial to the sector's growth at this time (MacLennan and O'Sullivan, 2008).

Post-devolution, this notion of community ownership was used to rebrand and rebrand a programme of whole stock transfers at a much larger scale (Daly *et al*, 2005). Perhaps Glasgow is the most well known Scottish example of this type of large-scale voluntary transfer involving the entirety of a council's housing stock. In 2003, the City Council transferred its entire stock of council housing (circa 80,000 houses) to the newly created Glasgow Housing Association in a move that promised to deliver community ownership for Glasgow's tenants (for details of the transfer promises, see Gibb, 2003). This was to be achieved by an interim phase of devolved housing management to a network of Local Housing Organisations, with promises made to deliver 'full' community ownership through smaller second stage transfers in order these local organisations could break away become stand-alone housing associations in their own right. A number of practical, financial and organisational barriers have however prevented this political ambition from being realised (Kearns and Lawson, 2008; McKee, 2007, 2009c). This is significant, for as Kintrea (2006) argues the ability to roll out community ownership to other parts of Scotland was ultimately dependent on it being realised in Glasgow: Scotland's most problematic city in housing terms given the sheer size and scale of the issues facing the local authority sector.

Central to community ownership is an explicit commitment to transform housing governance by devolving ownership and control of the housing to local residents, in order they can become more involved in key decisions relating to their housing. In a UK context, this 'community' focus is a distinctive feature of the housing association movement in Scotland. The CCHA model is a constitutional model in which the housing organisation is locally focused, being based within the community that it serves, and a key role accorded to tenants in the governance of the organisation. Statistics from the Scottish Housing Regulator (2010: 2) highlight that over eighty per cent of RSLs in Scotland own less than 2000 properties; in CCHAs it is also common for management

committees to be comprised of a majority of local residents. This is in stark contrast to the larger scale of associations in England, which also tend to have less tenant representation on their governing body (Pawson and Mullins, 2010). Community housing is particularly strong in urban areas in Glasgow and the west of Scotland where it first originated, and where the ideal of community ownership of social housing has firmly taken root.

During the last 35 years the community housing movement has delivered many benefits for Scotland's communities. As well as bringing physical investment through renewal and rehabilitation programmes, they have also delivered community empowerment and local accountability. They encourage active citizenship through tenant involvement and management in the houses, with committee members having control and influence over financial and management resources. Neighbourhood offices and committees also ensure accountability to tenants locally, as well as offering a more responsive and personalised service.

The sector has also delivered better quality, affordable homes. Tens of thousands of homes across the country have been comprehensively improved to a high standard, with the surrounding streetscapes also revitalised. Housing associations have also taken the lead in recent years in building new social housing. The local focus of CCHAs means they are well-placed to deliver regeneration solutions sensitive to local needs and priorities. Intensive neighbourhood management may also account for why the RSL sector has constantly out-performed the local authority sector in terms of performance (SHR, 2009: 9). In addition, many vulnerable, disabled and homeless people have been well supported by specialist accommodation which has been integrated into existing communities. The progressive nature of the homelessness legislation in Scotland combined with proposed plans to scrap the Right to Buy for new social housing, as well as new tenants, may however undermine the ability of RSLs to continue to ensure social-mix at the community level (Kintrea, 2006; McKee, 2010b).

Yet community housing provides more than just bricks and mortar. The sector has played a key role in local regeneration initiatives and wider action, for example supporting small community enterprises, community education and training, workspaces, affordable childcare, community arts and so forth. These activities have been vital in transforming the future of some of Scotland's most deprived communities and improving the opportunities open to local residents. It is these positive attributes of the sector that have earned it the mantra 'small is beautiful'.

### **Localism under Threat?**

CCHAs, like other social landlords now have to operate in increasingly difficult financial circumstances. A key outcome of the global credit crunch has been a weakening economy, which has had a knock-on effect on labour markets and household incomes. Fiscal projections from the UK Treasury are that deficit reduction will be the priority for the foreseeable future. We are now entering an era of austerity, with downward pressure on public sector spending likely to continue for some time. Social housing has never enjoyed the same protection in spending decisions, as say health and education has. It has always been the 'wobbly pillar' of the welfare state, as evident in the proposed reforms to social housing tenancies in England announced after the recent Comprehensive Spending Review. Whilst comprehensive schooling and the National Health Service are for everyone, social housing has increasingly become marginalised in policy discourses as 'welfare housing' for those who cannot afford to buy (see for example, Johnston and Mooney, 2007).

Public spending cuts come at a time when government has already tried to reduce the average Housing Association Grant, which now averages at £70,000 per unit (SG, 2010: 25). RSLs are also facing greater competition for funds, thus requiring more 'match' funding to come from the RSL's own resources, or greater borrowing, or both. Yet private borrowing is also likely to become more constrained in the future. Fewer financial institutions are lending with around seventy per cent of the RSL finance market now concentrated within a small number of institutions (SHR, 2009; SG, 2010). This is one of the reasons the Scottish Government is now looking at alternative finance options, such as the National Housing Trust as well as funding from European Investment Banks and bonds (SG, 2010).

At the same time the Scottish Government has decided to pursue greater procurement efficiencies through developer clubs at the regional level. This is indicative of the increasing drive to improve effectiveness and efficiency (Neary Consultants and the University of Glasgow, 2010), with RSLs also under pressure to diversify their activities beyond those supported by grant funding, such as mid-market rent or new models of shared equity (SG, 2007, 2010; see also, McKee, 2009b). Yet it also signifies an important ideological shift from 'social' to 'affordable' housing in policy terms.

Figures from the Scottish Housing Regulator (2010: 3) highlight that over 60 per cent of social housing tenants receive housing benefit to help pay their rent. Welfare spending has been closely examined by the new Conservative-Liberal Democrat coalition, with talk of reductions in payments to those unemployed for over a year, or who under-occupy their property, as well as announced changes to the Single Room Rate. These proposals will have a dramatic impact on the number of tenants eligible for full housing benefit, and may increase arrears and bad debts, with significant implications for RSL income streams. More importantly these reforms place the whole notion of 'social' housing under threat. The current difficult operating context means RSLs may need to rethink their core functions, for it may be increasingly difficult to do development 'in house' and build social housing in the traditional way. We need to wait and see how the Scottish Government responds to policy developments in England, and can only hope that they decide to fight and protect the sector's important 'social' function. Much will depend on the outcome of the imminent Scottish budget, reflecting the tension between preserved and devolved powers.

CCHAs face particular pressures during these austere times, for the clear push towards greater efficiencies, alliances and sharing of resources undermines their long tradition as small-scale, community-governed, place-based organisations. Indeed, policy is now beginning to challenge the existence of smaller housing associations. In its report *Shaping up for Improvement* the Scottish Housing Regulator (2009) talks of mergers between associations and rationalisation within the sector, as well as the need for a more strategic view of how the sector is organised (see also, SG, 2010). It even goes as far as to state that some RSLs need to consider whether a governing body made up primarily of tenants will deliver the sort of governance they need in more challenging times. The assumed wisdom here is that economies of scale deliver greater efficiencies; that the higher management costs of smaller associations do not always deliver better outcomes; and that 'professional' housing association boards (which are the norm elsewhere in the UK) are better equipped to cope with the challenges ahead, than those comprised of ordinary citizens.

However, as a briefing paper by Easterhouse Housing and Regeneration Alliance (2009) highlights, the Regulator's own inspection gradings show that CCHAs *may actually perform better for tenants* than other types of landlord. Drawing on service-delivery costs from the Easterhouse area between 2005-2008 the paper highlights that in two of the three years in question, Easterhouse CCHAs out-performed the national

average, and the larger types of organisations that the Regulator suggests are more efficient due to economies of scale. Moreover, for the whole three years the median costs for Easterhouse CBHAs were substantially lower than the GHA's costs for example (which is both the city's and the nation's largest RSL). This paper presents an interesting example with which to challenge the presumed wisdom that economies of scale are more efficient and effective.

It would also seem that the Scottish Government and the Scottish Housing Regulator's goal of 'improving value' is premised on a very narrow view of what value means. As the Easterhouse (2009) paper very succinctly argues:

*people living in disadvantaged communities certainly need high quality houses and services that are good value for money. But they need much more besides, to address the root causes of poverty, poor health and lack of opportunity (EHRA, 2009: 4).*

CCHAs across Scotland have a strong track record in addressing these wider issues at a neighbourhood level. Their success is precisely because of the physical presence they have at the community level, and the strong relationships they have developed with their tenants.

These community regeneration activities have immense social and economic value, but sadly are not reflected in the Scottish Housing Regulator's measure of 'value for tenants and taxpayers'.

Arguably, the key to the future of the community housing movement in Scotland lies in the past. The sector has a long and successful history of delivering excellent housing management and leading successful community regeneration. Given the potentially devastating nature of the public sector cuts that loom ahead for Scotland, CCHAs need to make it harder for the Government to render them 'disposable'. They need to develop a strong voice and become more vocal about what they do well. This will enable them to mobilise local residents and politicians, and educate them about their role as an invaluable community anchor. Local and regional forums, such as the Glasgow and West of Scotland Forum, are important here in championing the sector. This is because most CCHAs are geographically concentrated in the west of Scotland. By contrast the Scottish Federation of Housing Associations has to represent the diversity of the RSL sector in Scotland.

Associations also need to emphasise the sector's long and successful history of working together, both with each other and with non-housing agencies. But developing natural, local alliances where it makes sense to work together and pool resources is quite different from a top-down imposed push for associations to get bigger, merge and restructure. This seems to be a simple cost-cutting measure which is in danger of undoing over 30 years of excellent service-provision by community housing providers. In these difficult times, we should be celebrating our community housing (and social housing more generally), not placing its future under threat.

It seems ironic that the sector's future is being questioned in Scotland at a time when community housing providers are being embraced elsewhere in the UK. For example the Community Land Trust model, which provides affordable housing for sale by separating the cost of the housing from the freehold of the land, or the Community Gateway model of stock transfer, which aims to change the culture of the stock transfer process to give greater priority to community empowerment agendas. This preference for community self-help is a trend that is likely to continue given the Conservative Party's interest in the Big Society. It remains to be seen however, whether the Big Society is simply rehashed Thatcherism and the latest Conservative attempt to roll

back the state, or a genuine desire to reap the benefits of voluntary provision, mutualism, and community empowerment.

## **Strengthening Community Governance**

Despite the clear benefits of CCHAs, it is nonetheless important to learn lessons about the type of participation and involvement tenants want. Countless studies have highlighted that whilst tenant's value participation, it is of less importance than a decent home, in a nice neighbourhood. Delivering good housing management matters most (see for example, McKee, 2009b)

CCHAs, like all social landlords, also need to be realistic about the extent to which tenants are going to want to be involved in a sustained basis within formal structures. Quite rightly, tenants often have an instrumental approach to participation; they get involved in the issues that matter most to them, when they happen. Landlords need to recognise and tap into this.

For example, many tenants would like to be involved in ways that take less time and effort than sitting on committees. One-off mechanisms, such as surveys, ballots and focus groups need to be considered alongside more traditional methods of engagement such as meetings, newsletters and committees. Online interactions may also become increasingly important as the digital world becomes an ever bigger presence in our lives. For example, Facebook and Twitter are new social arenas we all need to engage with, and at the very least associations need to have attractive and informative websites.

As well as extending participation beyond the management committee, there is also a need to engage with a wider array of tenants, particularly BMEs and young people. As the Regulator notes, "tenants who get involved are often older and retired" (SHR, 2009: 18). It is important not only to get 'new blood' into existing governance structures, but at a more basic level, to understand the views and experiences of all sections of the community, not just those who shout the loudest. Engaging with these more hard-to-reach groups is a challenge, but something that can be achieved with perseverance and creativity. Indeed, there are many examples of good practice from within the Scottish RSL sector already.

The importance of positive tenant-landlord interactions at a more general level also needs to be considered. In my own Glasgow-based research, tenants talked about the value of 'Silver Deal Days' as examples of non-housing wider-action activities which improved their relationship with their landlord (McKee, 2009c). Such initiatives involved landlord sponsored activities for older residents, such as away-days or fitness classes. Although not traditional tenant participation activities they are nonetheless important in opening and improving channels of communication.

To distinguish their unique contribution to the RSL sector, the designation of 'community-based housing association' should also be re-instated in the register of social landlords, with a new statutory definition developed: an idea floated at the Glasgow and West of Scotland Forum conference in 2005.

## **Conclusion**

Community housing has been a real positive strength and unique feature of the RSL sector in Scotland. It is premised on respecting the knowledge of local residents; is underpinned by the values of citizen empowerment and direct democracy; and plays a

key role in delivering wider political agendas around community cohesion and social inclusion.

We need to focus on the positive elements the sector can deliver for local communities, not place its future under threat. Over the last 35 years CCHAs have been key players in delivering wider action and community regeneration agendas within Scotland's most deprived communities, in addition to being excellent and responsive social landlords, providing quality, affordable housing for rent.

We should be celebrating the movement's contribution to housing and social policy agendas in Scotland, not seeing it as 'easy prey' in an era of financial austerity and public sector cuts.

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